

# City Profile







## Location

Wichita, the largest city in Kansas, population 346,505<sup>1</sup> is the county seat of Sedgwick County. Major highways, including the Kansas Turnpike and Interstate 35, link the city with a large trade area that encompasses a population of nearly 1.2 million<sup>2</sup> people within a 100-mile radius. The nearest large cities are Denver to the west, Kansas City to the northeast and Oklahoma City and Tulsa to the south and southeast.

## Historical Background

Wichita became a town in 1868, was incorporated in 1870 and has been a city of the first class since 1886. The original stimulus to the City's economic development was the extension of the Santa Fe Railway into Wichita in 1872. The City's early growth paralleled the expanding agricultural productivity of the Central Plains States and by 1900 the City was an important regional center for the processing of agricultural products and the distribution of farm equipment. In 1914, the discovery of oil broadened the economic base, drawing to the city numerous services, distributive enterprises and metalworking industries. From the earliest days of the aircraft industry, Wichita has been a leading producer of general aviation and commercial aircraft. McConnell Air Force Base was activated in 1951 and has remained an important asset in the community.

In 1918, Wichita became one of the first municipalities in the United States to adopt the Commission-Manager form of government. Effective April 14, 1987, the title "City Commissioner" was changed to "City Council Member" and instead of being elected at-large, five council members were nominated by district and elected at-large. In November 1988, Wichita voters approved a referendum to elect a five-member City Council by pure district elections and a full-time Mayor by city-at-large elections. On February 10, 1989, Charter Ordinance 115 was adopted and provided for the five council member seats to be increased to six by subdividing the City into six districts based on the 1990 census.

The six Council members and the Mayor serve four-year terms with the Council members' terms being overlapping. The City Council and Mayor conduct all legislative functions for the City of Wichita and establish general policies, which are executed by the City Manager.



Wichita has been the recipient of the All-America City Award three times - 1962, 1993, and 1999. This award is America's oldest and most prestigious civic award. This premier award is awarded to the City that demonstrates the most effective collaborative interaction of citizens, government, business and the volunteer sector to address and solve critical local issues.

## POPULATION CHARACTERISTICS

*This report was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the Department of Finance specifically for inclusion and use in the 2005-2009 Financial Plan.*

2003 Population	
Wichita city (2003) <sup>1</sup>	346,505
Wichita MSA (2003) <sup>2</sup>	552,597
Within 100-mile radius <sup>3</sup>	1,189,082
<sup>1</sup> Source: Claritas 2003 population estimate. <sup>2</sup> Source: Claritas 2003 population estimate. <sup>3</sup> Source: Estimated by the CEDBR, Wichita State University using Claritas 2003 population estimates and mapping.	

<sup>1</sup>Source: Claritas 2003 population estimate.

<sup>2</sup>Source: Claritas 2003 population estimates and mapping.



## Growth

Wichita's population growth has been steady for the past two decades. The majority of recent growth has occurred along the far west/northwest and east/northeast peripheries of the city, and into the unincorporated portions of the county.

As of February 2004, the city's total land area was approximately 154.12 square miles. The majority of annexation over the past couple of years has been in response to a need for improved utility service in the annexed areas, especially water service.

## Geographic Distribution

The metropolitan statistical area (MSA) includes Butler, Harvey and Sedgwick counties.<sup>3</sup> Sedgwick County represents the largest portion of the area's population with an estimated 458,810 residents in 2003.

The city's population density has decreased by 51 percent in the past few decades. Today there are approximately 2,248 persons per square mile in Wichita compared to 4,625 per square mile in 1960 when growth within the city limits peaked. The trend of perimeter growth and the associated increase in demand for local government services is expected to continue for Wichita.

## Public Safety

National FBI statistics for 2002 show Wichita's violent crime rate to be lower than many midwestern cities of comparable size, including Oklahoma City and Tulsa. The Wichita metropolitan area's violent crime rate in 2002 was 523 offenses per 100,000 population.

During 2002, the clearance rates for almost all categories of crimes were up compared with 2001. In 2003, the Wichita Police Department won the Webber Seavey Award for its work in the Planeview area. This award is sponsored by Motorola and the International Association of Chiefs of Police, and is regarded as the top international law enforcement award.

The Wichita Police Department continues to be active in community affairs by offering information on its Web site regarding issues such as homeland security and identity theft; through seminars regarding safety for seniors, children and the workplace; and through programs such as Neighborhood Watch and Operation Identification.

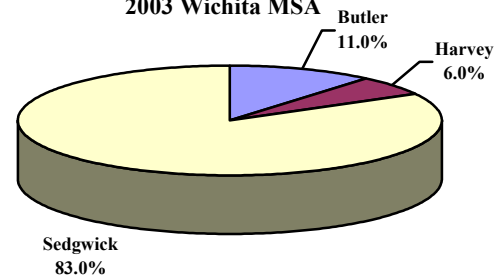
<sup>3</sup> The Wichita MSA was redefined after the 2000 Census. The metropolitan area is now comprised of four counties including Butler, Harvey, Sedgwick and Sumner. However, most cases, data are not yet available for the new MSA designation. Therefore, throughout this report, the data presented are for the old three-county MSA definition.

### Population Trends

Year	Wichita (000's)*	Percent Change	Sedg. Co (000's)	Percent Change
1950	168.3		222.3	
1960	254.7	51.3%	343.2	54.4%
1970	276.6	8.6%	350.7	2.2%
1980	279.3	1.0%	367.1	4.7%
1990	304.0	8.8%	403.7	10.0%
2000	344.3	13.3%	452.9	12.2%

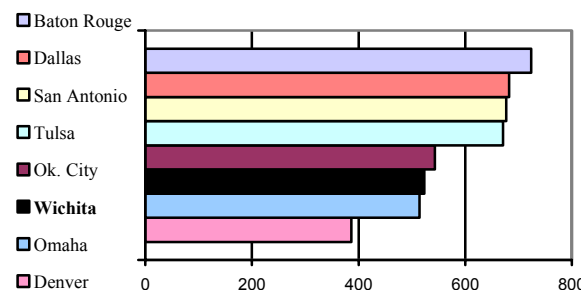
\*Source: U.S. Bureau of the Census, *Population of the 100 Largest Cities and Other Urban Places in the United States: 1790 to 1990*, Working Population Paper No. 27. Census 2000

### Population Distribution, 2003 Wichita MSA



Source: Claritas 2003 Population Estimates

### 2002 Violent Crimes Per 100,000 Population



\*Includes murders, rape, robbery and aggravated assault.  
Source: FBI Crime in the United States." Compiled by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.



## Composition

The racial and ethnic composition of Wichita's population is comparable to that of the nation. Current trends indicate the fastest growth rate to be among Asian/Pacific Islanders and persons of Hispanic origin.

## Education

Wichitans place great importance on education. In 2000, 84 percent of Wichita's citizens aged 25 years and older had at least a high school diploma, compared to 80 percent in the nation overall.

The city of Wichita is served by eight unified school districts. The Wichita Public Schools (USD 259) is the largest in the city. Slightly more than 49,000 students were enrolled in fall 2003.

In addition to the public school districts, there are dozens of private and parochial schools serving preschool through high school students, as well as those needing special education. Fourteen colleges and universities in the local area serve Wichita, including Wichita State University, University of Kansas-School of Medicine, Friends University, Newman University, and the Wichita Area Technical College.

## Health Care

Wichita is a first-class regional medical center with 15 acute care and freestanding specialty hospitals providing the community with approximately 3,000 licensed beds. In addition to these major treatment facilities, there are approximately 50 nursing homes and assisted living facilities. Wichita is also home to the Center for Improvement of Human Functioning, an international bio-medical research and educational organization specializing in nutritional medicine and preventive care.

## Transportation

Wichita Mid-Continent Airport, the largest airport in Kansas, is a combination commercial air carrier and general aviation complex, providing accommodations for all aircraft. Passenger service is offered through the following airlines: AirTran, JetConnect (operated by Air Wisconsin), Allegiant Air, America West Express (operated by Mesa), American (operated by American, American Eagle, Chautauqua, and Trans States), Delta (operated by Atlantic Southeast, Chautauqua, and Comair), ExpressJet (operated by Continental Express), Great Lakes, Pinnacle (operated by Northwest Airlin), and United (operated by Atlantic Coast, Air Wisconsin d/b/a United Express, Sky West, United, and United Express). Cargo service is provided by five major carriers, including Airborne Freight, DHL, Emery, Federal Express, and UPS.

Air passengers at Mid-Continent numbered 1.4 million in 2003 (inbound and outbound). Airfreight shipments totaled 67.3 million pounds in 2003 (inbound and outbound).

**Population by Race/Ethnic Origin, 2003  
(percent of total)**

	U.S.	Wichita
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Hispanic Origin*	13.2%	10.4%
Not Hispanic		
White	74.5%	74.2%
Black/African Am.	12.4%	11.6%
American Indian	0.9%	1.2%
Asian	3.8%	4.3%
Other**	8.4%	8.7%

\*May be of any race, consequently percentages will add to more than 100 percent.

\*\*Includes other races and persons identifying themselves as multi-racial.

Source: Claritas 2002 population estimates.

**Wichita Mid-Continent Airport Activity  
Air Freight Shipments (pounds)**

Year	Inbound	Outbound
1996	42,662,000	37,240,000
1997	39,148,000	38,324,000
1998	37,040,000	36,252,000
1999	27,874,000	26,110,000
2000	28,884,000	22,032,000
2001	26,368,000	23,468,000
2002	35,804,000	33,684,000
2003	34,784,000	32,540,000

Source: Wichita Airport Authority. Compiled by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

**Wichita Mid-Continent Airport Activity  
Air Passengers**

Year	Inbound	Outbound
1996	712,641	714,591
1997	710,017	704,317
1998	666,442	666,506
1999	626,951	621,378
2000	617,634	609,449
2001	565,498	563,883
2002	666,437	670,833
2003	712,020	717,741

Source: Wichita Airport Authority. Compiled by CEDBR, W. Frank Barton School of Business, Wichita State University.





## Culture & Leisure

Recreational opportunities abound in Wichita. The city's compact size allows minimal travel time (average 30 minutes) to outlying areas with open prairie and lakes. Inside the city there are 107 municipal parks, covering 4,200 acres.<sup>4</sup> At least 160,000 trees are planted in Wichita's public grounds. Cultural activities include art, natural and historical museums, theater, the Mid-America All-Indian Center, the Wichita Symphony, the Metropolitan Ballet, an observatory, a botanical garden, and a natural setting zoo. Demonstrating potential strength for tourism in Wichita, Exploration Place, the \$62 million science center and museum, opened in 2000. The Wichita Art Museum reopened in June 2003, after a two-year, \$10.5 million expansion and renovation. During the first six months after reopening, the museum had 40,000 visitors and increased its membership by 300.

Special ethnic, sports, and holiday events take place year-round, culminating in the area-wide nine-day River Festival in May. Beginning as a city-financed centennial celebration in 1970, the River Festival has grown steadily. In 1996, it was named one of the top 100 tourist attractions in North America. The total economic impact of the River Festival in 2001 was an estimated \$22.6 million.<sup>5</sup>

Minor league baseball, arena football, and professional hockey are examples of other major attractions in the Wichita area, as well as Joyland Amusement Park. The twin-sheet ice skating arena, Ice Sports Wichita, is available for additional sporting events. Wichita has five City-owned golf courses, five other golf courses for public play and five membership-only private courses.

Century II is the convention headquarters downtown. The Kansas Coliseum, just north of the city, is a multi-purpose facility that hosts a variety of events from concerts to livestock shows. In July the Sedgwick County Commission voted to move forward on a \$56 million renovation of the facility. The \$30 million Hyatt Regency hotel in downtown Wichita has added to the large selection of hotels in the city. Wichita is the leading convention and tourism center in Kansas.

## Economic Development

Wichita offers an excellent business environment, with incentives that include property tax abatements (up to 10 years-100%), industrial revenue bonds (IRBs), Enterprise Zones, job training funds and venture capital.

Under the state constitution, Kansas is a right-to-work state. No labor unions may attempt to collect "service fees" from workers who choose not to join the union. Only 8.4 percent of the Wichita MSA's private work force is unionized compared to 11.2 percent of the national private sector. Outside the aircraft plants only 4 percent of the Wichita MSA's private workforce is unionized.<sup>6</sup>

Downtown Wichita serves as the region's entertainment, artistic, cultural and government center. It has 3.9 million square feet of office space, nearly 50 percent of all office space in Sedgwick County.

Downtown revitalization is gaining importance and momentum in Wichita. The vitality of the city's core is essential, not only to economic and tax base stability, but to quality of life for its residents. On January 27, the City of Wichita approved the financing plan for the \$138 million economic development project, the Wichita WaterWalk, which will redevelop a 25- to 30-acre site in the downtown area. Among the riverfront and core-area public and private development projects under construction or completed since 1994 are:

- Hotel at Old Town
- Wichita Boat House
- Old Town Redevelopment
- Renovation of the historic Eaton Hotel
- State Office Building
- Wichita Ice Sports Center
- Exploration Place, a Science Center/Children's Museum Complex
- Hyatt Convention Center Hotel
- East Bank River Walk
- Maple/Lewis Street Bridge Replacement
- McLean Boulevard Realignment
- Douglas Avenue Upgrading
- Development of pocket parks
- Old Town Square/Movie Theater
- Two-way Main Street
- Public Art Program
- Innes Station (apartments)
- Lawrence Dumont Stadium renovation
- Douglas Street Façade Renovation Program
- Garvey Center Apartments
- The Harvester Apartments
- Renovation of the Orpheum Theatre

<sup>4</sup> Source: *City of Wichita Park and Recreation Administration.*

<sup>5</sup> Source: *Wichita Festival Inc.*

<sup>6</sup> Source: *Wichita Area Chamber of Commerce. Estimates are for year-end 1994.*



## Cost of Living

Even with all of these amenities, Wichita still maintains a moderate cost-of-living rate of 94.6, a little below average among 295 urban areas in the United States.<sup>7</sup> As of fourth quarter 2003, the median sales price of existing single-family homes in the Wichita MSA was \$99,500 compared to the national median price of \$171,600, according to the National Association of Realtors. As of second quarter 2003, the average sale price of a newly built single-family home in the Wichita metro area was \$202,080, substantially below the national average price of \$249,440.<sup>8</sup>

## ECONOMIC CHARACTERISTICS

*This report was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the Department of Finance specifically for inclusion and use in the 2005-2009 Financial Plan in April 2004. For updated information refer to CEDBR site (<http://www.webs.wichita.edu/cedbr>) on the World Wide Web.*

## Employment

Wichita's employment includes a broad mix of business types, with a sizable base of relatively high paying manufacturing jobs. A list of Wichita's major private employers includes The Boeing Co., Cessna Aircraft Co., Raytheon Aircraft Co., Via Christi Regional Medical Center, Bombardier Aerospace Learjet, Dillon Stores, Koch Industries Inc., Wesley Medical Center, AGCO Corp., The Coleman Co., Wichita Clinic, Bank of America and Southwestern Bell.

However, any listing of the area's largest private employers cannot reveal the large number of small and mid-sized companies providing a wide variety of goods and services to markets around the globe. The 2001 *County Business Patterns* shows approximately 11,584 business establishments in Sedgwick County with fewer than 100 employees.

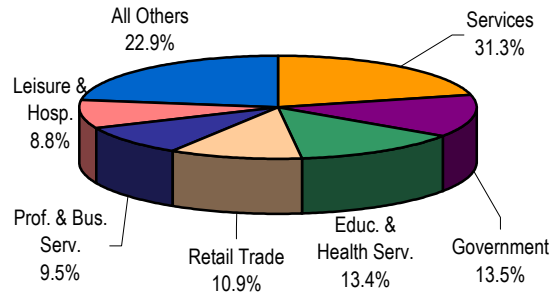
Total wage and salary employment in the Wichita metro area declined 2.6 percent for a net loss of 7,200 jobs in 2003. During the past decade, 1994 through 2003, total wage and salary employment grew by 9 percent, or an average of 0.9 percent annually. During the past ten years the Wichita metro area added 22,700 net new jobs.

Education and health care services added the most net new jobs in the past decade (6,000) followed by the government (4,300), construction (2,600), other services (2,400), professional & business services (1,800), retail trade (1,800) and leisure & hospitality (1,500) sectors.

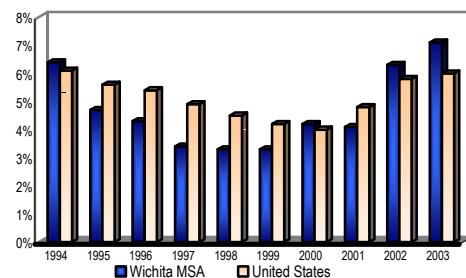
<sup>7</sup> Source: ACCRA 2nd Quarter 2003.

<sup>8</sup> Source: Wichita Area Association of Realtors-Multiple Listing Service and the National Association of Realtors.

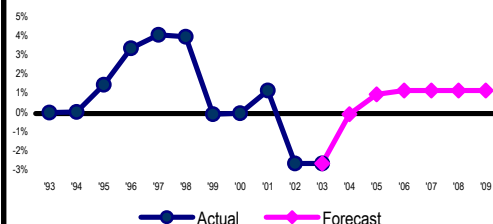
**Wage & Salary Employment  
2002 Wichita MSA**



**Unemployment Rate U.S. versus  
the Wichita MSA**



**Total Employment Growth Rate  
Wichita MSA**



Source: KS Dept of Human Resources. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.



As of year-end 2003, manufacturing was the largest employment sector (21 percent) followed by the government sector (13.5 percent), the education & health services sector (13.4 percent), and the retail trade sector (10.9 percent).

The Wichita MSA civilian labor force decreased from 285,503 in 2002 to 286,672 in 2003 for a increase of 0.4 percent.<sup>9</sup> The average annual unemployment rate in 2003 was 7.1 percent (20,458 people), compared with 6.3 percent (18,111 people) in 2002. Historically, the Wichita metro area enjoys a relatively low unemployment rate. During the past quarter century, the metro area's unemployment rate has been lower than the U.S. rate in 21 out of 25 years.

As Wichita's largest industry sector, manufacturing is the only industry that can significantly impact the direction of Wichita's business cycle. With additional job losses expected in manufacturing, it appears it will be the end of 2004 or the first half of 2005 before economic recovery begins in Wichita. In 2004 Wichita will experience its third consecutive year of employment losses, making this the longest labor market downturn in 30 years. Despite weakness in the manufacturing sector and the labor market, there are signs of economic improvement. Housing sales continue at robust levels, consumer expectations are rising and new employers are entering the market.

On balance, Wichita is expected to experience a long slow recovery starting in 2004, which should start to gain sustainable momentum in the second half of 2004. Despite the second half upturn, overall, total employment in 2004 will decrease slightly, losing 1,200 jobs or 0.4 percent.

## Manufacturing

Manufacturing accounted for 20.7 percent of all wage and salary jobs in the Wichita MSA as of December 2003. Payroll earnings for the industry totaled \$3.153 billion in 2002. The average earnings per job in 2002 were \$49,228. After reaching peak employment in 1998, manufacturing has seen steady declines, with a loss of nearly 11 percent of manufacturing jobs in 2003.<sup>10</sup>

Wichita's manufacturing sector, dominated by aircraft, has experienced a severe decline in employment during the past five years. After peaking at 74,000 in 1998, employment has declined by nearly 22 percent. The sharp decrease in orders

for new airplanes, as a result of both a slowing economy and the after effects of the 9/11 terrorist attacks, led to layoffs among Wichita's four OEMs totaling nearly 15,000 jobs.<sup>11</sup> As the airlines continue to struggle with massive debt and low ridership there is little prospect for a quick recovery in demand for new commercial aircraft.

Production levels of both commercial aircraft and general aviation products in Wichita continued to decline in 2003. Boeing's deliveries, after peaking at 620 aircraft in 1999, declined to just 281 in 2003, a decline of 26 percent compared to 2002's deliveries of 381 aircraft. The company's contractual backlog totaled \$63.9 billion on December 31 compared with \$68.2 billion at the end of 2002.<sup>12</sup>

The Society of Professional Engineering Employees in Aerospace will continue to represent Boeing Wichita following a recent vote to decertify the union. The vote to decertify SPEEA was narrowly defeated (only 51% voted to retain union representation).

Wichita's three general aviation manufacturers, including Cessna Aircraft Co., Bombardier Learjet Inc. and Raytheon Aircraft Co., combined to ship 1,174 aircraft during 2003, a decrease of 10 percent compared to 2002. Billings totaled nearly \$4.5 billion in 2003, down 22.2 percent from 2002.<sup>13</sup>

In addition to Boeing Wichita completing planned layoffs of 5,200 after 9/11, Cessna cut 1,200 jobs and required a seven-week furlough of 6,000 employees during 2003. In November 2003, Raytheon announced plans to move its wire harness work to an outside supplier, resulting in the layoff of 350 workers at the company's Wichita plant during 2004.

Despite the current difficulties, there are positive signs for the aircraft industry. All of Wichita's aircraft manufacturers continue to aggressively pursue development of new airplane products and related services. The Kansas legislature approved a bill that will allow the state to provide Boeing Wichita up to \$500 million in bonds for its bid to work on the 7E7, the company's newest jetliner. The 7E7 work could create 4,000 jobs at the company's Wichita plant. Thayer Aerospace was awarded a multi-year contract by business jet maker Gulfstream Aerospace with a potential value of more than \$250 million.

Manufacturing job losses outside aviation were also occurring in 2003. Tweco Products Inc. was bought by Thermadyne Holding Corp., which plans to close the Wichita facility, affecting more than 160 employees in Wichita. However, like the aviation sector, there was good news for non-aviation

<sup>9</sup> The Wichita metropolitan area, following the 2000 Census, was redefined to comprise four counties including Butler, Harvey, Sedgwick and Sumner. However, the old three-county (does not include Sumner) designation was used for these data so that they are consistent with the wage and salary employment used throughout the report. The wage and salary data have not been released using the new four-county designation.

<sup>10</sup> Employment, payroll and average earnings data were compiled by the CEDBR from data published by the Kansas Department of Human Resources, Labor Market Information Services.

<sup>11</sup> Wichita's four original equipment manufacturers include Boeing Aircraft, Cessna Aircraft, Raytheon Aircraft and Bombardier Learjet. While Airbus Industrie is an OEM, the company does not have any production facilities in Wichita.

<sup>12</sup> Source: Boeing Company fourth quarter 2003 results reported online at the company's homepage [www.boeing.com](http://www.boeing.com).

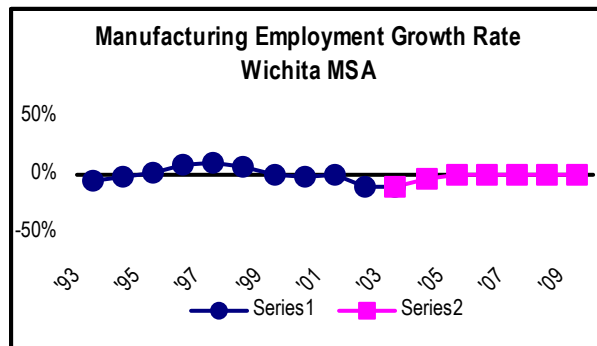
<sup>13</sup> Source: General Aviation Manufacturers Association.





manufacturers as well. Premier Blending, a formulator and manufacturer of dry blended foods, will expand its plant in Wichita. The company has acquired the mixing business of Cereal Food Processors of Bonner Springs.

While it appears that the worst of the layoffs are over, additional job losses are expected in 2004 among both the OEMs and their suppliers. Total employment in the manufacturing sector is expected to decrease by 3.5 percent for a net loss of 2,000 jobs in 2004.



Source: Kansas Dept. of Human Resources. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

Although Wichita has a strong competitive advantage in the production of aircraft, the overall economy has a healthy diversity. In 2001, the Center for Economic Development and Business Research conducted a study that confirmed this diversity.<sup>14</sup> When compared to 318 metropolitan areas across the nation, Wichita ranked 144<sup>th</sup> in terms of diversification, demonstrating an above average economic diversity. The volatility of the Wichita economy proved to be lower than the majority of the study cities by each economic indicator measured.

## Services

The performance among the service sectors varied substantially during 2003:

- The business and professional services sector lost 600 jobs for a net decrease of 2.2 percent.
- The educational and health services sector lost 200 jobs for a net decrease of 0.5 percent.
- The financial services sector lost 100 jobs for a net decrease of 0.8 percent.
- The leisure and hospitality sector lost 100 jobs for a net decrease of 0.4 percent.

<sup>14</sup> "Industrial Structure and Economic Volatility of Selected Metropolitan Areas", Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, August, 2001, funded by the City of Wichita, Dept. of Finance.

- The information sector gained 400 jobs for a net increase of 7.4 percent.
- The other services sector gained 500 jobs for a net increase of 4.5 percent.

In 2004 we are forecasting modest growth among service sector employment, totaling about 1,000 jobs. Services are expected to continue to be a major contributor to job growth over the next 5 years.

As a regional health services center for south central Kansas, Wichita should continue to see growth in the health care sector. With continued population growth, employment growth will continue in the educational services sector.

Employment in services sub-sectors such as call centers and leisure and hospitality will improve, as the area exits out of recession.

## Construction

The construction industry accounts for 5.4 percent of all wage and salary employment in the Wichita MSA in 2003. The 2003 employment level of 14,800 matched the last employment peak in 1999. In 2002, total payroll for the industry was \$463.4 million and the average earnings per job totaled \$32,344.

Despite job losses, the construction industry is one of the few economic engines that demonstrated any signs of growth in 2003. Buoyed by historically low interest rates, the value of inflation-adjusted new residential construction permits increased 1.9 percent in 2003 and the value of inflation-adjusted new non-residential construction permits increased 0.1 percent. Public construction has provided significant support in recent years. The value of permits for additions, remodels and repairs increased 42.6 percent in 2003 largely as a result of the school district's five-year, \$284.5 million bond building program, begun 2001.

While still in positive territory, the rate of new construction activity is slowing. Additionally, with the five-year USD 259 bond construction period nearly over, virtually all contracts let, and no other big public construction projects on the horizon, the construction industry may face challenges in the near term. The CEDBR is forecasting construction employment to decline by 2 percent in 2004 for a net loss of 300 jobs.

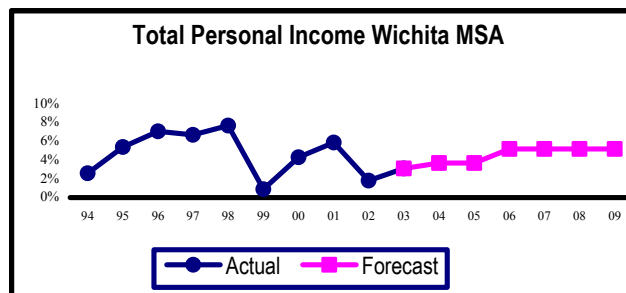
New and existing home sales continued at a brisk pace in 2003, up 4.8 percent from 2002. Housing's boom has been unexpected and welcome, given the weakness elsewhere in the economy. However, even with low mortgage rates, refinancing activity has slowed as rates have inched up from last summer's record-setting lows and the impact of spent-up demand has started to take hold.



## Personal Income

In 2001 (the latest year for which data are available as of this printing), Wichita had a total personal income (TPI) of \$16.2 billion. This TPI ranked 91<sup>st</sup> in the United States. The 2001 TPI reflected an increase of 5.9 percent from 2000. The 2000-2001 national change was 3.3 percent. In 1991, the TPI of Wichita was \$9.9 billion and ranked 90<sup>th</sup> in the United States. The average annual growth rate of TPI over the past 10 years was 5.0 percent. The average annual growth rate for the nation was 5.5 percent. From 2003 through 2009, total personal income is expected to grow at an average annual rate of 4.5 percent. If inflation remains in the range of 2 percent, growth of real, inflation-adjusted personal income would average 2.5 percent annually for the period 2003-2009.

Personal income is expected to increase only 3.7 percent in 2004 (1.2 percent real, inflation-adjusted growth), well below historical averages, as a result of the downturn in aviation manufacturing.



Source: U.S. Dept. of Commerce, BEA. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

## Retail Trade & Sales

While Wichita consumers have continued to spend money on homes throughout the recession, the same is not true for retail spending. Taxable retail sales spending peaked in 1998 at nearly \$7 billion. Between 1998 and 2003 taxable retail sales decreased by 4.8 percent or 15.7 percent after adjusting for inflation.

Taxable retail sales totaled \$6.658 billion in the Wichita MSA in 2003. Retail sales decreased by \$80.8 million or 1.2 percent in 2003 compared to 2002. Despite a drop in sales, tax collections increased by 2.6 percent or \$8.9 million as a result of the increase in the state's sales tax rate, which rose from 4.9 percent to 5.3 percent effective July 1, 2002.

The Christmas season did not bring the hoped for jump in Wichita's retail sales. Fourth quarter 2003 sales, totaling \$1.756 billion, were down \$11.5 million or 0.6 percent compared to fourth quarter 2002. While sales were down, the slide was much less dramatic than in 2002 when fourth quarter sales were down 1.7 percent compared to fourth quarter 2001.

As a result of higher than average sales, retailers typically hire additional temporary help for the Holiday season. Between 1994 and 1998 retail employment in Wichita was about 6 percent higher during the November and December holiday season than the remainder of the year. However, since sales peaked in 1998 that holiday employment bulge has steadily declined to just a 3 percent increase in 2003.

Total sales mask some underlying trends in the retail market; specifically, auto sales are doing much better than non-auto sales.

The data for 2003 show auto sales in Wichita are continuing to do well, up \$36.5 million or 4.2 percent compared to 2002.<sup>15</sup> Non-auto sales are falling, down \$117.3 million or 2 percent in 2003 compared to 2002. Total retail sales were down 1.2 percent during this same period.

Retail sales are projected to increase 0.6 percent in 2004 and then increase at an average annual rate of 1.2 percent during 2005-2009. This forecast assumes an inflation of 2 percent annually during the forecast period.

<sup>15</sup> Includes motor vehicle and parts dealers, NAICS category 441, which includes new car dealers, used car dealers, recreational vehicle dealers, motorcycle dealers and other motor vehicle dealers.



Wichita MSA Taxable Retail Sales*				
	Tax Collections (\$ mil)	% Chg	Nominal Sales (\$ mil)	Percent Change
1995	\$286.2	3.7%	\$5,840.4	3.7%
1996	\$307.0	7.3%	\$6,266.3	7.3%
1997	\$329.0	7.2%	\$6,715.2	7.2%
1998	\$342.7	4.1%	\$6,993.6	4.1%
1999	\$342.1	-0.2%	\$6,980.7	-0.2%
2000	\$334.5	-2.2%	\$6,827.1	-2.2%
2001	\$335.7	0.4%	\$6,851.6	0.4%
2002	\$344.0	2.5%	\$6,739.2	-1.6%
2003	\$352.9	2.6%	\$6,658.5	-1.2%
2004 Forecast	\$355.0	0.6%	\$6,697.7	0.6%
2005 Forecast	\$358.5	1.0%	\$6,763.8	1.0%
2006 Forecast	\$363.0	1.2%	\$6,848.3	1.2%
2007 Forecast	\$367.4	1.2%	\$6,932.7	1.2%
2008 Forecast	\$371.9	1.2%	\$7,017.2	1.2%
2009 Forecast	\$376.4	1.2%	\$7,101.6	1.2%
<i>Data Source: Data for 1995-2003 are from the Kansas Department of Revenue. Estimates and forecasts for 2004-2009 were produced by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.</i>				
<i>*The state tax rate rose from 4.9% to 5.3% effective July 1, 2002.</i>				

Wichita MSA Wage & Salary Employment Forecast			
	Employment	Level Change	Percent Change
1995	255,800	3,700	1.5
1996	264,400	8,600	3.4
1997	275,300	10,900	4.1
1998	286,300	11,000	4.0
1999	285,500	(800)	-0.3
2000	285,900	400	0.1
2001	289,400	3,500	1.2
2002	282,000	(7,400)	-2.6
2003	274,800	(7,200)	-2.6
2004 Forecast	273,600	(1,200)	-0.4
2005 Forecast	276,300	2,700	1.0
2006 Forecast	279,750	3,450	1.2
2007 Forecast	283,200	3,450	1.2
2008 Forecast	286,650	3,450	1.2
2009 Forecast	290,100	3,450	1.2
<i>Source: Data for 1995-2003 are from the Kansas Department of Human Resources, Labor Market Information Services. Forecasts for 2004-2009 were produced by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.</i>			

Wichita MSA Personal Income Forecast			
	Personal Income (\$ thousands)	Level Change	Percent Change
1995	\$11,786,613	\$603,146	5.4%
1996	\$12,618,101	\$831,488	7.1%
1997	\$13,466,594	\$848,493	6.7%
1998	\$14,501,554	\$1,034,960	7.7%
1999	\$14,625,687	\$124,133	0.9%
2000	\$15,258,407	\$632,720	4.3%
2001	\$16,161,478	\$903,071	5.9%
2002 Estimate	\$16,447,620	\$286,142	1.8%
2003 Estimate	\$16,965,130	\$517,510	3.1%
2004 Forecast	\$17,585,574	\$620,444	3.7%
2005 Forecast	\$18,228,708	\$643,134	3.7%
2006 Forecast	\$19,173,710	\$945,002	5.2%
2007 Forecast	\$20,167,701	\$993,992	5.2%
2008 Forecast	\$21,213,223	\$1,045,522	5.2%
2009 Forecast	\$22,312,946	\$1,099,723	5.2%
<i>Source: Data for 1992-2001 are from the Bureau of Economic Analysis. Estimates for 2002-2009 were produced by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.</i>			



